

Message Text

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SUBJECT: TEXAS IOGA TRADE MISSION

REF: CAIRO 10949

1. SUMMARY. TEXAS MISSION ADVANCE MAN HARWELL DEPARTED CAIRO JULY 8 AFTER USEFUL EXPLORATORY VISIT. IN GENERAL, HE FOUND MARKET FOR AGRICULTURAL EQUIPMENT OF TYPE PRODUCED BY TEXAS MANUFACTURES TO BE LIMITED, ALTHOUGH OF SUFFICIENT PROMISE TO MAKE MISSION WORTHWHILE. SALES PROSPECTS WILL DEPEND IN LARGE PART ON EGYPTIAN PROGRESS IN AGRICULTURAL CONSOLIDATION AND MECHANIZATION, SINCE MOST TEXAS-PRODUCED EQUIPMENT IS DESIGNED FOR USE ON SIZEABLE PLOTS, OFTEN IN CONJUNCTION WITH LARGE TRACTORS. HARWELL EXPRESSED INTEREST IN POSSIBLY SCHEDULING MISSION TO COINCIDE WITH AGRICULTURAL EQUIPMENT EXHIBITION OCTOBER 17-28. A REPRESENTATIVE OF TEXAS NATURAL FIBERS AND FOOD PROTEIN COMMISSION JOINED HARWELL IN CAIRO. COMMISSION REP, WHO INTENDS PARTICIPATE IN TEXAS IOGA MISSION, WAS INTERESTED IN POSSIBILITY OF JOINT-VENTURE PLANT TO PRODUCE OIL AND EDIBLE PROTEIN FROM NEW TYPE OF COTTON SEED DEVELOPED IN TEXAS AND FOUND SUFFICIENT ENCOURAGEMENT TO THINK IDEA WORTH FURTHER EXPLORATION. END SUMMARY.

2. TEXAS IOGA ADVANCE JAMES HARWELL DEPARTED CAIRO JULY 8
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AFTER USEFUL FOUR-DAY VISIT TO EXPLORE MARKET FOR TEXAS-PRODUCED AGRICULTURAL EQUIPMENT IN PREPARATION FOR PROJECTED MISSION. HARWELL MET WITH MINISTRY OF AGRICULTURE UNDERSECRETARIES FOR EXTERNAL AFFAIRS, FOR AGRICULTURAL MECHANIZATION AND FOR ENGINEERING. IN ADDITION, HE HAD DISCUSSIONS WITH MINAG TECHNICAL CONSULTANT FOR AGRICULTURAL PRODUCTION AND WITH CHAIRMEN OF MAJOR PUBLIC SECTOR LAND RECLAMATION COMPANIES. A MEETING WITH

CHAIRMAN OF FEDERATION OF CHAMBERS OF COMMERCE WAS ATTENDED BY REPRESENTATIVES OF PUBLIC AND PRIVATE SECTOR TRADING COMPANIES DEALING IN AGRICULTURAL EQUIPMENT, AND BY CHIEF OF AMERICAN DESK AT MINISTRY OF TRADE. THERE WAS OPPORTUNITY FOR DISCUSSION OF CUSTOMS, IMPORT/EXPORT, AND AGENCY REGULATIONS AS WELL AS OF MARKET PROSPECTS FOR AGRICULTURAL EQUIPMENT.

3. ALTHOUGH EMBASSY HAD NO ADVANCE NOTICE OF FACT, CARL COX, REPRESENTATIVE OF TEXAS NATURAL FIBERS AND FOOD PROTEIN COMMISSION, JOINED HARWELL IN CAIRO. COX INTENDS PARTICIPATE IN TEXAS MISSION, AND FOCUS OF HIS INTEREST WAS POSSIBILITY OF ESTABLISHING JOINT VENTURE TO PRODUCE OIL AND EDIBLE PROTEIN FROM NEW "GLANDLESS" VARIETY OF COTTONSEED DEVELOPED IN TEXAS. COX ATTENDED A NUMBER OF MEETINGS WITH HARWELL, AND EMBASSY MADE SOME ADDITIONAL APPOINTMENTS FOR HIM, INCLUDING ONE WITH CHAIRMAN OF HIGHER COUNCIL FOR FOOD INDUSTRIES. COX HAD ALSO SET UP, ON HIS OWN, A NUMBER OF MEETINGS WITH EGYPTIAN OFFICIALS AND BUSINESSMEN THROUGH CONTACTS HE HAD MADE IN TEXAS.

4. SESSION WITH DIRECTOR GENERAL FOR INVESTMENT AT INVESTMENT AND FREE ZONES AUTHORITY (DEPUTY CHAIRMAN OF AUTHORITY WAS OUT OF COUNTRY) OFFERED OPPORTUNITY EXPLORE JOINT VENTURE POSSIBILITIES. TOPIC WAS PURSUED IN MEETING WITH DIRECTOR FOR FOOD INDUSTRIES AT GENERAL AUTHORITY FOR INDUSTRIALIZATION.

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5. AT EMBASSY, HARWELL (IN SOME CASES JOINED BY COX) MET WITH E/C COUNSELOR, COMATT, AGATT AND AID OFFICERS CONCERNED WITH COMMODITY IMPORTS AND AGRICULTURE. DCM(DURING ABSENCE OF AMBASSADOR FROM CITY) ALSO HAD DISCUSSION WITH THEM. COMMERCIAL SECTION STAFF ACCOMPANIED ON ALL APPOINTMENTS.

6. IN GENERAL MARKET PROSPECTS FOR AGRICULTURAL EQUIPMENT APPEARED TO BE SUFFICIENTLY GOOD FOR HARWELL TO THINK TEXAS MISSION STOP IN CAIRO WOULD BE USEFUL. HOWEVER, HARWELL WAS MADE AWARE IN DISCUSSIONS WITH EGYPTIAN OFFICIALS AND EMBASSY STAFF OF A NUMBER OF LIMITING FACTORS.

7. OF GREATEST IMPORTANCE IS FACT THAT MOST CULTIVATION IN EGYPT STILL TAKES PLACE ON SMALL PLOTS WHICH OFFER RELATIVELY LITTLE SCOPE FOR MECHANIZATION. IN CONTRAST, AGRICULTURAL EQUIPMENT PRODUCED IN TEXAS IS, IN GENERAL, DESIGNED FOR WORKING SIZEABLE ACREAGES, OFTEN IN ASSOCIATION WITH LARGE TRACTORS. THUS, THERE IS A MAJOR STRUCTURAL IMPEDIMENT TO DEVELOPMENT OF MARKET FOR MISSION GOODS.

8. ON POSITIVE SIDE, AGRICULTURAL MECHANIZATION REMAINS AN IMPORTANT GOE PRIORITY. HARWELL BELIEVES THAT SIGNIFICANT

OPPORTUNITIES FOR SALES OF TEXAS EQUIPMENT MIGHT BE DEVELOPED THROUGH THE AGRICULTURAL COOPERATIVE MOVEMENT. COOPERATIVES COULD LEAD TO CONSOLIDATION OF FIELDS, THUS MAKING MECHANIZATION MORE PRACTICAL, AND COOPERATIVES THEMSELVES HAD POTENTIAL FOR MAKING SIZEABLE DIRECT PURCHASES. ANOTHER POTENTIAL MARKET MIGHT LIE IN SALES TO "CONTRACT FARMERS" WHO UNDERTAKE TO WORK A NUMBER OF SMALL FIELDS BELONGING TO OTHERS --ANOTHER EXAMPLE OF CONSOLIDATION. HARWELL REALIZES, HOWEVER, THAT IT WOULD PROBABLY BE DIFFICULT TO REACH THIS MARKET.

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9. HARWELL ALSO EXPLORED POSSIBLE MARKET FOR TEXAS EQUIPMENT IN CONNECTION WITH LAND RECLAMATION PROJECTS. IN GENERAL, HOWEVER, HE FOUND THAT BASIC WORK OF RECLAIMING THE SOIL (TEXAS MANUFACTURERS PRODUCE SOME EQUIPMENT USED FOR THIS PURPOSE) HAS TO A LARGE EXTENT ALREADY BEEN DONE. MANY LAND RECLAMATION COMPANIES HAVE BEEN RELATIVELY INACTIVE IN EGYPT IN RECENT YEARS, AND SOME ARE BIDDING ON FOREIGN CONTRACTS OR GETTING INTO OTHER LINES OF ACTIVITY. LAND WHICH HAS BEEN RECLAIMED IS, IN MANY CASES, NOT READY FOR TYPES OF CROPS, E.G. COTTON, FOR WHICH TEXAS EQUIPMENT IS MOST SUITABLE.

10. CONCLUSION OF HARWELL AND COX, AFTER DISCUSSIONS WITH GOE OFFICIALS AND EMBASSY OFFICERS ON COTTONSEED PROJECT APPEARED TO BE THAT THERE IS SUFFICIENT INTEREST TO MAKE IDEA WORTH FURTHER EXPLORATION THROUGH PARTICIPATION IN TRADE MISSION. ATTEMPT TO PERSUADE EGYPTIANS TO PLANT AND PRODUCE NEW TYPE OF SEED DOES NOT APPEAR PRACTICAL IN VIEW OF CURRENT AGRICULTURAL REGULATIONS AND EGYPTIAN CONCERNS ABOUT PURITY OF EXISTING STRAINS OF COTTON. IDEA OF IMPORTING THE TEXAS SEEDS FOR PROCESSING, HOWEVER, THOUGH NOT WITHOUT ITS DIFFICULTIES, APPEARS FEASIBLE. JOINT VENTURE FACILITY MIGHT BE ESTABLISHED TO UNDERTAKE PROCESSING TASK. PRODUCTION OF EDIBLE PROTEIN FROM

COTTONSEED COULD MAKE VALUABLE CONTRIBUTION TO EGYPTIAN NUTRITION, AND WOULD BE SUFFICIENTLY NOVEL SO AS NOT TO ATTRACT OPPOSITION ON GROUNDS OF COMPETING WITH EXISTING EGYPTIAN UNCLASSIFIED

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INDUSTRY. DIRECTOR FOR FOOD INDUSTRIES AT GENERAL ORGANIZATION FOR INDUSTRIALIZATION EXPRESSED INTEREST IN HAVING DETAILED PROJECT PROPOSAL FROM COX.

11. HARWELL TOLD EMBASSY THAT HE WOULD KEEP CHARACTERISTICS AND LIMITATIONS OF EGYPTIAN MARKET CLEARLY IN MIND IN RECRUITING FIRMS TO PARTICIPATE IN MISSION. HE RAISED POSSIBILITY OF SPLITTING MISSION AND DROPPING EGYPT FROM ITINERARY OF THOSE PARTICIPATING FIRMS WHICH ARE UNLIKELY FIND SUITABLE MARKET HERE. HE EXPECTS TO BE ABLE TO COMPLETE RECRUITMENT AND SEND PRODUCT LITERATURE TO POST (VIA FPO) BY END OF JULY. TIMING FOR MISSION STILL NOT FIRM, BUT HARWELL EXPRESSED CONSIDERABLE INTEREST IN AGRICULTURAL EQUIPMENT EXHIBITION TO BE HELD IN CAIRO OCTOBER 17 TO 28 AND THOUGHT IT MIGHT BE USEFUL FOR MISSION TO SCHEDULE ITS ARRIVAL, IF POSSIBLE, TO COINCIDE WITH THIS EVENT.

12. HARWELL INDICATED THAT MAJOR FOCUS OF MISSION WOULD BE SUDAN, WHERE LARGE-SCALE AGRICULTURAL PROJECTS APPEARED OFFER EXCELLENT PROSPECTS. TEXAS MISSION INTEREST IN SUDAN VISIT WAS ALSO STIMULATED BY DISCUSSIONS WITH PRESIDENT NUMEIRY AT TIME OF HIS LAST VISIT TO UNITED STATES.

13. PRIMARY INTEREST DURING ADVANCE TRIP, HARWELL SAID, WAS IN SURVEYING MARKET OPPORTUNITIES, RATHER THAN DEALING WITH ADMINISTRATIVE AND LOGISTICAL ASPECTS OF MISSION VISIT. ANOTHER ADVANCE MAN WOULD BE SENT PRIOR TO ARRIVAL OF GROUP TO WORK OUT THESE MATTERS. HOTEL RESERVATIONS WOULD BE MADE FROM TEXAS, PROBABLY THROUGH HILTON CHAIN.

14. EMBOFFS NEVERTHELESS REVIEWED WITH HARWELL A NUMBER OF ADMINISTRATIVE POINTS. NECESSITY OF RECEIVING MISSION BROCHURES AND PRODUCT CATALOGS AT EARLIEST POSSIBLE DATE WAS POINTED OUT. ARABIC TRANSLATION FOR BROCHURES IS LESS IMPORTANT THAN TIMELY UNCLASSIFIED

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ARRIVAL AND F.P.O. IS PROBABLY BEST METHOD OF SENDING. MISSION SHOULD BE AWARE, EMBOFFS NOTED, THAT MANY SERVICES MISSION MIGHT WANT COULD BE OBTAINED ONLY BY WILLINGNESS TO EXPEND FUNDS. FOR EXAMPLE, IF MISSION PREFERRED FLEXIBILITY OF HAVING INDIVIDUAL CARS RATHER THAN BUS FOR PARTICIPANTS, THEY WOULD HAVE TO BE PREPARED TO BEAR NECESSARY ADDITIONAL COST. EMBOFFS ALSO NOTED

THAT IN VIEW OF PRESS OF OTHER RESPONSIBILITIES IN APPROXIMATELY
SAME TIME PERIOD IN OCTOBER, IT MIGHT BE NECESSARY TO HAVE
SECRETARY/RECEPTIONIST FOR MISSION WELL IN ADVANCE OF ITS ARRIVAL
IN ORDER TO UNDERTAKE SOME OF REQUIRED PREPARATORY WORK.
IT WAS ALSO EMPHASIZED THAT FACILITIES EMBASSY ITSELF COULD
OFFER FOR MEETINGS, CONFERENCES, AND SOCIAL FUNCTIONS CONNECTED
WITH MISSION ARE LIMITED; SUCH ACTIVITIES WOULD OF
NECESSITY HAVE TO TAKE PLACE AT OUTSIDE LOCATIONS. THIS DOES
NOT IMPLY ANY LACK OF INTEREST IN MISSION ON PART OF EMBASSY,
BUT IS SIMPLY REFLECTION OF PHYSICAL LIMITATIONS. HARWELL
APPEARED HAVE NO PROBLEMS WITH THESE POINTS.

15. HARWELL APPEARED PLEASED WITH OVERALL RESULT OF VISIT AND
WITH CONTACTS AND APPOINTMENTS MADE. HE UNDERTOOK TO KEEP IN
CLOSE TOUCH WITH EMBASSY AS RECRUITMENT CAMPAIGN PROGRESSED
AND TO SEND BROCHURES AS QUICKLY AS POSSIBLE.
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